

James W. Reeves, J.D., LL.M.

Conflict Management Systems

P.O. Box 300415
St. Louis, MO 63130
(314) 853-7788
www.cmsystems.us

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To the Resolution Committee,

Please accept this memorandum as my report concerning my assessment and conclusion of phase 1 of the work I had been asked to perform for Principia.

The Committee had requested that I conduct an organizational assessment, and respond to concerns regarding particular areas in the organization. Those areas included the circumstances surrounding the departure of George Moffett and the circumstances of the salary increase and performance of the CEO.

Early in the process, the Resolution Committee provided to me a list of 150 questions, or issues, that were generated by the various constituencies in the community. I reviewed the list and referred to it frequently through out the process. While it would be virtually impossible to answer every issue on the list, the list was useful in my work to identify common themes of concerns in the community.

Methodology

I conducted the organizational assessment through interviews and document review. Since April 23, 2007, I have interviewed 54 people and reviewed approximately 1500 pages of documents. I have also met with all of the constituency groups.

The interviews I conducted averaged 2-4 hours in length. I interviewed people from all of the constituency groups, former and current Trustees, former employees, alumni, current and former administrative personnel, as well as Stuart Jenkins, and George Moffett. Members of the Resolution Committee provided names for potential interviewees. I also received suggestions for interviewees from those whom I interviewed, and from my review of documents. Interviewees were told that their identities would not be attributed to any particular piece of information.

When speaking with respondents, or interviewees, I conducted most of my interviews in person (less than a handful were conducted by phone), and used the following structure:

- A. Background information concerning the respondent;

- B. An overview of the respondent's experience with Principia;
- C. Areas in which the respondent had pertinent information;
- D. Their knowledge concerning the core issues;
- E. Other issues that the respondent wanted to address during the interview.

I received documents from many sources, including Stuart Jenkins, George Moffett, the Trustees, and from many of those whom I interviewed. The documents included minutes of meetings for the last three years of the College Faculty Senate and the College Faculty Council; the minutes of meetings of the Board of Trustees for the last three years; the CEO's weekly reports to the Board of Trustees for the last three years; documents from George Moffett; documents from many interviewees, including their memos and correspondence on various issues; documents from the business office pertaining to tax issues and human resource issues; human resource procedure manuals; resource manuals regarding AQIP; letters in support of George Moffett and Stuart Jenkins; files regarding specific human resource issues ¹; hundreds of emails by and between former and current Trustees for the last three years; and hundreds of pages of other documents pertaining to a variety of issues

Summary of Findings

Specific Factual Findings

- Regarding the circumstances surrounding the departure of the College President, George Moffett:
 - George resigned² and was not fired
 - Although there was long-term planning to support the President in his position to compensate for weak management skills, there was no long-term plan to terminate him. On the contrary, discussions centered around positioning the President to capitalize on his strengths.
 - With regard to whether George was treated fairly, it would appear that the Trustees could have handled the situation much differently during the November, 2006 Trustees' meeting. The Trustees had a window of opportunity to perhaps change the tone of the conversation with George, but failed to do so. From my interviews, respondents expressed regret that the Trustees had not met with George as a full board, heard his concerns, and perhaps been able to have a more productive dialogue about potential

¹ I did not review personnel files.

² The issue for resolution was whether Dr. Moffett had been fired, had resigned, or had been forced to resign. The circumstances of George Moffett's departure will be described more fully later in this memorandum. However, there did not appear to be a firing (a direct statement to the effect "You're fired"), or a forced resignation (no choice given except to resign or be fired.) George had other options available to him. See the section regarding "Discussion of the Departure of the College President, George Moffett."

roles that George could play and remain on the college campus. Allowing George to meet only with a four-person delegation of Trustees who simply accepted George's resignation was not productive. The Trustees did not take advantage of an opportunity to talk with George and perhaps increase the possibility of having George remain on the campus. Whether the opportunity would have been productive or not, we do not know. However, the opportunity was missed.

- Regarding the circumstances surrounding the CEO's salary increase:
 - I found no conclusive indication that the CEO requested the salary increase, directly or indirectly.
 - After the Board approved the salary increase, there was continuing debate among Board members about the basis for the amount of the increase. Yet, public statements from the CEO and the Trustees indicated that the increase was based on proper benchmarks.
 - The Trustees ultimately acknowledged that the benchmarking process was flawed, but not until public statements had been made defending the amount of the increase and the process used to calculate the increase.
 - The Board's offering the increase to the CEO, and the CEO's acceptance of the increase showed a lack of awareness of the potential negative impact on the Principia community, given budget constraints, standard 3% salary increase for employees, and given that the salaries for segments of the Principia community had not been re-benchmarked before the CEO was given his increase.
 - The Trustee's resolution approving the salary increase, which contained a statement that "This information is confidential until it is published in the *Chronicle of Higher Education* about 18 months from now" gave the perception of secrecy of the process, exacerbating the community's reaction to the disclosure of the increase. While it is the policy of Principia to keep salary information confidential, simply abiding by the already-existing policy (without the additional admonition for confidentiality), or announcing the increase with transparency and openness at the time it was approved would have eliminated many of the community's suspicions.

Organizational Findings

Some organizational themes developed early in the process and were reinforced throughout.

- Transparency vs. Confidentiality – Throughout my interviews and my review of meeting minutes of various groups, there was a clear desire for more transparency in decision-making. Communications, even those not involving personnel matters, are often confidential.³ Transparency would

³ The meetings of the Resolution Committee are an example. In spite of an agreement that all members wanted to keep the meetings of the Committee "open and transparent", much of the time in meetings was

seem to be consistent with policy 16 requiring that activities at Principia be as democratic as possible. Yet, confidentiality seems to be the norm. In order for there to be democratic processes, there must be transparency. Confidentiality gives rise to speculation, rumor, suspicion and distrust.

- Lack of formal processes, especially involving personnel matters, has given rise to suspicion, fear, and distrust. While there are processes in place to terminate a person, or counsel a person to improve performance, there are no evaluation processes in place across the organization. Terminations, then, seem random and arbitrary, giving rise to fear and insecurity.⁴
- Lack of vision/strategic planning – Although through the years there has been discussion about strategic planning at various levels in the organization, Principia does not have a formal process for strategic planning at any level. Without a plan, it is difficult to rally members of the organization to follow in a common direction. Worse, actions that are taken by administration (such as personnel decisions) seem without context, and appear to be random and arbitrary. A shared organizational vision and plan moves everyone in a common direction and can be translated into action plans for subparts of the organization.
- Communication – Concerns about communication arose in two contexts: A lack of communication at all levels of the organization, especially when facing problems (conflict avoidance), and communication handled “off line” and not through normal communication channels. Both situations create problems. Failing to communicate to correct problems (for example, to coach an under performing employee) allows the problem to fester and remain, or perhaps get worse. “Off line” communication gives rise to suspicion and distrust.
- Weak leadership vs. micromanagement – Concerns about “micromanagement” were frequently raised in the interviews. In this case, Stuart Jenkins was managing two heads of the campuses (the Head of School and the College President) whom he perceived to be weak managers. In some situations, Stuart took an active role at the level of his subordinates, particularly in personnel matters⁵, creating role confusion, suspicion, and creating the perception that he was undermining the position of the head of the campus.

spent discussing how to handle confidentiality agreements, whether certain information should be disclosed in minutes, and whether certain documents should be open for inspection.

⁴ The college faculty has been developing an evaluation process and it is being piloted.

⁵ The issue of “micromanagement” will be discussed in more detail later in the memorandum.

The Current Conflict and Scope of the Report

The current conflict erupted in January, 2007 when the college newspaper, *The Pilot*, reported that two members of the Board of Trustees resigned because of their concerns about a 47% salary increase given to the CEO in April, 2006. Disclosure of the salary increase, as well as allegations that the increase had been “hidden” from the community sent the community into an uproar. Moreover, when *The Pilot* was published, the community was still reeling from the announcement that the very popular and respected College President, George Moffett, was leaving. There were allegations that the CEO and the Board of Trustees had forced the President’s resignation or had fired him.

Many in the community called for the resignation of the CEO, and the college faculty voted no confidence in the CEO by a margin of 71 to 2, with 4 abstentions. The Board of Trustees sought guidance from various sources and ultimately convened a “resolution committee,” consisting of two elected representatives from various constituencies on the two campuses. Those constituencies included: the college faculty, the Upper school faculty, the staff on the St. Louis campus, the college staff, students, the Trustees, and the business office employees. I have been working with the Resolution Committee.

While the CEO salary issue seems to have triggered the current crisis, it did not cause it. The purpose of this report is twofold: To provide a basis of fact regarding the circumstances surrounding two central issues (the CEO’s salary increase and his performance, and the circumstances surrounding the College President’s departure), and to provide an assessment of Principia as an organization to identify underlying causes of the conflict so that they can be addressed and corrected.

The Principia Organization and Culture

To understand the underlying causes of the current crisis, it is essential to examine the culture of Principia and its operation as an organization. Both provide clues to the causes of its current challenges.

Principia was founded in 1898 by Mary Kimball Morgan and was established to serve the Cause of Christian Science. The Principia Corporation is a Missouri not-for-profit corporation. It is an educational institution that operates two campuses. The St. Louis campus serves children preschool through grade 12, and the Elsah campus is a college. The corporation is governed by a Board of Trustees. There is a Chief Executive Officer (CEO) who, until recently, also served as Chairman of the Board. Thus, the CEO had to be a member of the Board. In February 2007, the Board of Trustees passed a resolution to separate the positions of CEO and Chairman.

A College President and a Head of School each report to the CEO/ Chairman (hereinafter “CEO”). Reporting to the head of each campus are deans, faculty, and staff.

The institution has never operated under a strategic plan and does not have a clearly articulated vision. In its meeting of February, 2006 the Board of Trustees articulated four “major goals,”⁶ but no plan was established to achieve the goals, and no measures were established to determine whether progress was achieved. Formal standards, guidelines, and means of evaluating employee performance have not been used until very recently, and only then in particular departments.

The Policies

Twenty three policies set out the foundational guides and philosophies of the institution. See *Education at the Principia*. As foundations of the institution, the policies are the espoused values of the institution and are central to an understanding of the culture of The Principia. The members of the community often cite the policies in discussion of issues and several of the policies are especially applicable to the examination of the issues that the institution is now facing.

Policy 4 requires that all members of the faculty and staff at The Principia shall be active Christian Scientists. In addition, “[A]s a rule, members of the student body shall be accepted only from homes in which at least one of the parent or the guardian can give evidence of being a sincere Christian Scientist and of being ready to depend on Christian Science for help in time of need.”

“In all of its activities, The Principia shall place emphasis on Principle rather than person.” See Policy 7. “The Principia shall place emphasis on that which is direct, simple, natural, and honest in all of its activities.” Policy 13. In addition, Policy 13 encourages self-expression, and states that while “unnecessary formality shall be avoided, correct and dignified procedures which are unrelated to pride or personal position,” may be utilized.

The policies also provide guidance in the governance of the institution. Policies 15 and 16 state that “[T]he Principia shall always be conducted as one institution” and that the government of The Principia shall be as “democratic as possible” within the organization. Further, “leadership at The Principia shall be expressed in obedience to Principle rather than by the exercise of authority or influence on the basis of human will or opinion.”

Policy 17 requires that every post in the institution shall be filled with the most effective individual available. Department heads are to continue in service only so long as those in their departments secure better results. The policy also provides that the policy shall be administered with “wisdom and sympathetic understanding.”

⁶ The four “major goals” were: To clarify Principia’s uniqueness or point of differentiation from all other schools; to increase enrollment (“fill the school”); to enhance the educational experience; and to “redevelop development.”

General Observations

Because policy 4 requires all faculty, staff, and students to be Christian Scientists, Principia is a very close, well-connected community. People come to Principia from all over the country so that their children can attend school in a Christian Science environment. While both of the campuses provide boarding opportunities, often the parents move to the St. Louis area, leaving behind friends and careers. (This was referred to in the interviews as the “silent migration”). Historically, those who came to St. Louis and were in need of employment found work on one of the campuses. Principia not only provided education for the children in the family, but also provided employment. Employing parents of students helped Principia meet the challenge of filling posts on the campuses with Christian Scientists, a relatively small employment pool. It is not unusual for both spouses to be employed by Principia, or both adults in the family have in-laws, cousins, sisters, brothers, or other relatives working on one of the campuses as well. Moreover, Principia sometimes provided housing for its employees on or near the campuses.

Employment at Principia has historically been very stable. Many of the respondents told me that it is not usual to work at Principia for decades. Several people reported that one would have to do something illegal or commit an act involving moral turpitude to lose one’s job. Formal employment evaluations were not done (and, for the most part, are still not done), and some respondents suggested that the lack of formal employment procedures was to comply with policy 13’s direction to avoid formality. Other respondents suggested that the lack of standards, guidelines, and employment reviews served two purposes: First, it provided protection for employees who were reliant on Principia for their employment (if one doesn’t evaluate poor performance, one can’t lose their job because of it). Second, it allowed community members to avoid confrontation and conflict. Evaluating poor performance is difficult and uncomfortable, and the discomfort can be avoided if evaluations are simply not done.

The people in the Principia community have worked together, played together, lived together, and educated their children together, for several generations.⁷ Alumni stay in very close touch with the school, and with electronic communication, it is not unusual for someone on the Elsay campus to hear news about the St. Louis campus via someone who lives in California or Florida, even before they hear it from St. Louis.

While the community is well connected throughout the country, several respondents report that there seems to be a lack of direct communication on the campuses, especially when confronting problems. Although policy 13 would suggest that simple, direct communication would be the norm on the campuses, many people report that that is not the case. Some respondents described Principia as “dysfunctionally polite” – failing to raise issues that need to be discussed for fear of offending or entering into conflict. People do make use of “the Matthew Code,” that is, communicating

⁷ The term used by some respondents to describe the community was “princestuous”.

directly with one with whom there is a question or issue. However, direct communication does not always take place, leaving a void of information that is often filled with rumor and speculation.

Confidentiality and secrecy are prominent features at Principia, according to respondents and my own observations.⁸ On one hand, it is understandable that, in such a closely connected community as Principia, confidentiality is important. News travels very fast and is not always accurate, even in an environment of transparency. There are clearly times when confidentiality is essential – in the case of personnel matters, for example. However, policy 16 suggests that the government of the institution shall be “as democratic as possible,” and matters that are confidential are not open to a democratic process. Moreover, and perhaps more serious, is that confidential information and processes open an invitation for rumor and speculation. Members of the community then act on information that may or may not be correct or complete. Operating under a “presumption of openness,” rather than a presumption of confidentiality may help reduce the circulation of rumors and off-line communication, and can help bring the institution more in line with its policy calling for democratic government.

While there have been substantial efforts through the years to put into place formal processes, especially for personnel matters, such processes are not uniform across the organization. Clear processes for hiring, terminating, and evaluating people are essential to building trust in the organization. Without the proper, uniform processes, personnel changes appear to be random and arbitrary, leading to fear and distrust. While policy 13 encourages informality, the current lack of process has helped to build tension in the community and lead to the current crisis. Clear, predictable, and faithfully followed guidelines and processes, over time, can help rebuild trust in the community.

Another cultural issue that respondents raised in the interviews was a perceived change in recent years from an “educational” administrative environment to a “corporate” environment. Respondents saw the “corporate” environment as insensitive, unfeeling, distrustful, secretive, and ushering in rapid change. The educational model, on the other hand, was often seen as collaborative, open, and more sensitive to the feelings of people and their connections to the community. The corporate model might be seen as clashing directly with the norm of “dysfunctional politeness.”

Interviewees, particularly those who had been on the campuses for a long time, said that the environment on the campuses changes as the person holding the office of CEO changes. According to respondents, there was an emphasis on education in earlier years. As one respondent put it, “In those days, it [Principia] was clearly an educational institution that was supported by the business function.” Later, as CEO’s came from a more business-focused background, there was a perception the business focus had become more prominent. Again, as one respondent described it, “I began to feel that rather than a business embracing the school, it was a school embracing the business.” Dollars, budgets, policies, procedures, guidelines, standards were words that crept into

⁸ As noted above, confidentiality agreements in the employment context was a reoccurring theme in the work of the Resolution Committee.

the language at Principia, and it became clear in recent years that a cultural shift was beginning.

Although the “academics” at Principia seem to resist the “corporate” influence, everyone I interviewed agreed that the business side of education is necessary. Conflict results when those involved with the educational function, the main mission of the Principia, perceive encroachment of their function by business. Those in the academic field, respondents told me, are particularly sensitive to the encroachment. Educators have a high level of education and expertise in their field, and they expect to be recognized and respected. At Principia in recent years there have been concerns that the business function was influencing decisions involving curriculum, an area thought to be solely in the hands of faculty.

However, the “academic” and “corporate” dichotomy is not the root source of tension. On a deeper level, the issue relates to the issues of communication, transparency, processes that are established and followed, clear role definitions, and democratic processes. Giving faculty the autonomy to control curriculum and providing faculty with involvement in key decision-making on the campuses -- in line with policy 16 – help provide faculty with the acknowledgement of their importance on the campuses, and give less emphasis on the “business” functions.⁹ In a culture in which roles are clearly defined, where there is open communication and democratic, transparent processes in use, individuals or groups feel less threatened. The result is a culture built on trust.

Planning is a process that has been discussed for years at Principia and has never, in a formal way, taken place. Strategic planning, in my view, is essential for several reasons, and lack of strategic planning has helped to contribute to the current difficulties the institution is facing. Done well, strategic planning provides an opportunity for those in the community to participate on multiple levels to create a direction for the organization that everyone will understand and follow. The plan should include measurable, obtainable goals or objectives that can be formed to meet the needs and circumstances of each department. The process of planning is as important as producing the plan itself. The process provides an opportunity for representatives from various sectors of the organization to understand the needs and problems facing other portions of the organization. Greater understanding is the result, so that, for example, the faculty better understands the decisions the “business people” make, and the needs and concerns of the faculty are better understood by those in the business office. The process helps break down the “silos” and the “us vs. them” thinking.

Further, a plan helps the members of the community better understand the context of actions that are taking place around them. This is especially critical in personnel

⁹ Issues of respect for faculty and their involvement in decision-making have been in existence for several years. This is not a new issue, according to the College Faculty Senate minutes and the minutes of the College Faculty Council for the last three years. There have been discussions between faculty and administration about curriculum (The Writing Center was a situation cited most frequently) and faculty involvement in the hiring of a new Dean at the college.

decisions, whether someone is transferred or terminated. Personnel changes are especially difficult in the Principia culture, but are particularly difficult when they seem random and arbitrary. While a plan does not answer all of the questions that may arise, it is helpful for people to know that a plan is in place and that the actions are taking place in some context.

The communication at Principia is a topic that many respondents mentioned as a concern. Respondents said that there seems to be an avoidance of conflict, so that important communication does not take place because of fear or discomfort.¹⁰ As a result, communication that *should* take place does not occur. At other times, communication does take place, but in a round-about, “off line” manner (communications which are, typically, confidential). Either way, messages are either not received, or are received indirectly. The communication culture seems to clash with the community’s use of the “Matthew Code” – approaching someone directly and discussing an issue or problem – and policy 13, calling for activities that are direct, simple, natural and honest. Lack of communication, or indirect communication breeds misunderstanding and conflict, or worse, distrust.

Discussion of the Departure of the College President, George Moffett

The Resolution Committee requested that I examine the circumstances surrounding the departure of the College President, George Moffett. This section will examine those issues. While the discussion focuses on documents, the information is also based on my interviews.

One of the concerns that the community had raised concerning the departure of the College President was whether Stuart Jenkins had a long-term plan to fire George Moffett. While it appears that Stuart Jenkins began to think about options for reorganizing the college as early as January 2005, I did not find any evidence that Stuart had planned to remove George from his position at the college. On the contrary, Stuart’s reorganization plans were designed to strengthen the college administration while capitalizing on George’s strengths.¹¹

On January 9, 2005, Stuart told the Trustees that he was considering a restructuring at the college that would be “designed around the skills and talents we have in the office of president.” Stuart said, “George’s great vision, moral clarity, academic integrity and articulation need to be complemented by a post with the power and skill to move George’s initiatives forward in a politically charged academic environment.” Stuart noted that the relationship between the college faculty and the administration was

¹⁰ In my work with the Resolution Committee, the issue of fear also was discussed in the context of whether certain individuals would participate in the process. It was reported that some did not want to be interviewed because of fear of retribution.

¹¹ I am not discussing in detail George’s attributes and weaknesses as College President. Everyone I spoke with held George in very high esteem and praised him as an inspirational leader. He was “the essence” of Principia, as one respondent said. However, even those who “support” George reported that his management skills were lacking, well before Stuart Jenkins assumed the position of CEO.

“intolerable,” but that working together and having the right skill set in place can create good working relationship.

On January 16, 2005, Stuart reported that he discussed the restructure idea with George the week before and George was “dismantling” the (then) current Dean structure faster than the new structure can be put in place. Two days later, **Traci Bliss** and Stuart communicated with each other regarding the restructuring. The initial plan involved a Vice President position that would support the President. **Traci** warned Stuart about moving too quickly before getting faculty support.

About two weeks later, in his weekly report to the Trustees, Stuart said that he was considering a Dean of Faculty structure. He said, “[T]his new structure must include some representation from the faculty. We must get input that the faculty views as legitimate if we ever hope to build a team at the College that will function effectively.”

As of early February, Stuart was as hopeful as ever of creating a good working relationship between the faculty and administration at the college. He told the Trustees, “George is reeling a bit from the pace of change. . . . I believe we need to get a new structure that is balanced and perceived by all parties as inclusive. George is in no way digging in his heels, just cautious - which is wise!”

By Spring, the dialog between the faculty and the administration at the college was on “an encouraging arc,” according to Stuart. He said that he was grateful for everyone’s commitment, “including John Williams, the Faculty Council, and of course George.”

In September 2005, **Traci** and Stuart again communicated via email. **Traci** advised Stuart that he needed a “two person team” – not necessarily two Deans -- but a change operation that would keep George off the front line while a new Dean developed credibility and relationships with the faculty.” **Traci** told Stuart that she was being rather blunt about “George’s shortcomings,” but said that it was important to be honest about his weaknesses so that a strategy could be developed to minimize their detrimental effects.

By the end of 2005, it seemed clear that a plan was developing to bring in a strong Dean to support George, allowing the Dean to handle the management functions while George continued as President and capitalize on his strengths as an inspirational leader.

Ultimately, Faith Paul was hired as the new Dean. Some respondents have indicated that Faith was “hired to move George out.” However, I do not find objective evidence that that is so. Rather, it appears that Faith was hired to “support” George. Unfortunately, as will be seen, events unfolded much more rapidly than expected and Faith, perhaps, was not able to build a sufficient relationship with the faculty and the community to ever become helpful in her supporting role.

By April 2006, the college was focused on several issues, particularly the Academic Quality Improvement Program (AQIP) self-assessment report. It is also in the Spring 2006 that George had his first-ever formal evaluation. All of the members of the Principia Executive Committee (PEC) evaluated each other based on a format provided by an outside consultant. George did not do well on the evaluation. In the end of May, Stuart met with each member of the PEC, including George, to discuss the evaluation results and to form plans for improvement.¹²

From my interviews, it appeared that George was feeling a lot of pressure in the Spring and Summer of 2006. Those who worked closely with him during that period describe him as “frantic,” generating initiative after initiative without follow through, structure, organization, or any kind of coordination. The Deans were overwhelmed by directives from the President.

Also in the Spring, George prepared the “Blueprint for Excellence” in which George outlined his plans for the college. Later, in a lengthy emails, **Traci Bliss** and Stuart concluded that the “Blueprint” was unmanageable, contained no coordinated plan, lacked focus, and was not of value for planning. **Traci** encouraged Stuart to have a talk with George about the document. Meanwhile, she encouraged Stuart to continue to support George. Later, in September, **Traci** expressed her “appreciation about Stuart’s professionalism” for not undermining George. **Traci** then outlined “the data which shows that after 11 years George is a square peg in a round hole”: A poor PEC evaluation; the failure to push the faculty evaluations; George doesn’t seem to understand the seriousness of the AQIP report; and the college enrollment is “extremely low.”

When the AQIP report was returned to the college, **Traci** was alarmed. She told Stuart in an email of September 26, 2006 that, “I know you are being as fair and even handed as possible. You have been on the issue ever since I met you – now the AQIP report confirms my and possibly your worst fears...on the other hand if you do believe George is showing evidence of a turn around I want to be open minded to new evidence.” She said that the AQIP report is very, very serious in the negative side and George’s spin on it is “intellectually dishonest.” George, meanwhile, was insistent that the negative report had no effect on the accreditation of the college (which was correct). However, **Traci**’s concern stemmed from George’s apparent lack of urgency to plan corrective measures to fix the weaknesses illustrated in the report.

In October 2006, the discussions about changing George’s role on the college campus took on a sense of urgency. It is in October of 2006 that John Williams prepared the “off the cuff thoughts memorandum” which appeared to outline potential strategies for removing George. Also at that time, **Traci** wrote an email to Stuart indicating that she had “had contact from a dependable college faculty member who said that the

¹² One concern that was raised about the PEC evaluation was whether the other members of the PEC were in a position to fairly evaluate George. It was a concern that Traci Bliss raised later.

frustration level with the lack of administrative leadership was so high that a handful of key middle level players were ready to leave.”

On October 13, 2006, Stuart delivered a multi page letter to George outlining George’s strengths and weaknesses and inviting conversation about how to manage the college, and more specifically, George’s role on the college campus. George and Stuart had had conversations leading up to October 13, but Stuart expressed frustration that he was not able to communicate the sense of urgency in the need for performance improvement in a way that George was accepting. Following delivery of the October 13 letter, Stuart and George discussed potential options for George’s role.

In his weekly report of October 16, Stuart said that he had planned to have a summit with George and Faith, but events “unfolded much more rapidly than expected.” It became clear to Stuart that he would have to have a frank conversation about leadership issues at the college. He met with George and told him that he felt that things at the college were in a state of management crisis. George responded that he thought “things have never been better at the college.” Stuart reported to the Trustees, “I believe that things have never been better AND that we are in a state of management crisis. Confidence and trust in the president’s office and the dean’s office are at a dangerously low ebb. However, the faculty seemed to be quite content due to John William’s adept management around the president directly to my office where we worked together to accomplish what needs to be done. Definitely not the way the college should be run!”

Stuart continued, “It was one of the toughest meetings I have ever had with George. He was visibly upset and was unable to sit while discussing these issues. But we were able to break through the communication wall for the first time and we began talking frankly with one another. I believe I have finally got George’s attention...”

On October 19, in an email to the Trustees, Stuart wrote that he had met with George in a meeting that he described with the words, “humble, heart, genteel, and even emotional.” It was the first time George ever acknowledged his shortcomings “and in doing so he is clearly struggling with the idea that he might not be College President.” George expressed an interest in bringing in a VP for operational purposes and asked that Stuart consider this option. In contrast, Stuart asked him to think about staying in the role that builds on his strengths while letting Stuart bring in an operational head at the college. George said he would think about it. Stuart reported, “George asked that I not make any decisions until after the Trustee’s meeting. Clearly he is banking a lot on those meetings be a huge success. I told him that I had no intention of doing anything before the Trustee meeting.”

Stuart continued, “George needs a lot of support. He needs to know how valued he is yet he cannot be led to believe he is a great operational manager. Please help me on this one as it has taken a lot of work to get to this point.”

In response to Stuart's October 19 email, Willard Hanzlik wrote to the Trustees expressing gratitude for the way Stuart was handling George's situation. "Stuart's sensitivity to adhering to Principle is profound," he said.

In an email of October 20, Stuart wrote to **Traci**, "I am starting to be college president by action not position. It is a doggone poor way to operate."

On October 23, Stuart reported that his conversations with George had continued. There was a lot of progress on Wednesday, and "we took a big step back on Thursday as it became clear that George did in fact share the gist of my letter with 'several' colleagues at the college and they in turn apparently shared with others whom they hoped would take up the charge to 'save George'"...

On the same date, Stuart wrote a memorandum to the Trustees following up on his letter of October 13 to George. Stuart shared his thoughts about the current state of the college and leadership issues. Among other things, Stuart wrote, "the AQIP report written by 62 members of the faculty and staff and edited by the president is so damning that most colleges receiving such a report would consider it a major crisis. This report, in polite language, says that Principia has weak leadership. Category four is especially discouraging."

The memorandum outlined two options for continuing George on campus. The first option was to appoint George Chancellor of the college which would include responsibilities of fundraising and speech making across the country, selecting and presenting speakers at Principia, handling graduation and dignitary relationships, and writing articles about education and whole man character education. The second option allowed George to retain the title of president with the following stipulations: take a sabbatical starting in January 2007 and prepare a course on the Christian Science Movement; also be responsible for the same fundraising and friend making duties as in option one; teach courses at the summer session; and teach the history of Christian Science Movement once a year at the college. Stuart expressed an interest in option two. Stuart also expressed concern over the potential negative public relations if George departed.

On October 30, George sent a memorandum to the Trustees addressing the points raised in Stuart's letter of October 13. Stuart's weekly report to the Trustees says, "I spent the past week, with Phil's help, working with George trying to sort out leadership and management issues in Elsay. Although this is not complex, we have yet to reach a resolution. George's views of his skills is not consistent with my view of his skills... I continue to believe that if we could agree with George about where he could best serve the institution and then bring in high quality day-to-day leadership, Principia College would be better positioned. I hope this does not come down to an either/or choice, because that is not necessary... George let me know that on Friday that a six-month sabbatical was absolutely unacceptable to him. While the world views a sabbatical after ten years of service for a College President a respectable perk, George said that he would view it as a 'firing.' Thus I am completely willing to drop that part of the proposal."

The Trustees were scheduled to hold their November 2006 meeting. In preparation, George prepared a November 2, 2006 memorandum entitled "talking points." In the memorandum, George said, "with regard to a possible administrative restructuring at the college, I would reiterate that I would take any plan that would reduce the presidency to a figurehead position as my cue to move on." At the Trustees' meeting, the issue of George's situation pre-empted all other business planned by the Trustees that weekend (ironically, including the issue of Stuart's salary increase). George was scheduled to give his usual state of the college discussion at the meeting. However he had also wanted to meet with the Trustees to discuss his performance issues. The Trustees discussed the situation Friday night and Saturday. They met with Merlin Lewis (to get a clearer understanding of the impact of the AQIP report), Phil Riley, and Katherine Milner. Rather than meet with George as a full Board, the Trustees decided to appoint a four-Trustee delegation to meet with George. The four Trustees met very briefly with George (about five minutes) and told George that they would "accept his resignation."

In December 2006 and January 2007, Stuart began to have discussions with various people about ideas to restructure the college administration and create a "transition" plan. On December 8, 2006, Stuart prepared a weekly report to the Trustees which later became known as the "popcorn" memo. (The memo makes no reference to "popcorn," but rather "peanuts.") The memo was prepared after George and Faith Paul had contacted the AQIP organization directly to determine whether the college's accreditation was in jeopardy. The memo criticized George and Faith for going directly to the AQIP organization and expressed concern about the AQIP report and its impact. Stuart said, "I think it is unlikely to expect that anything productive will happen by trying to forge a 'transition team' with his [George's] help." Then, Stuart discussed possible options for a transition at the college.

While there appeared to be concerns about George's weaknesses as a manager as early as 2005, there did not seem to be a systematic movement to "run George off." With regard to the question of whether George "was fired," "resigned," or "was forced to resign," it appears that George resigned. From George's subjective viewpoint, George may not have felt that he had options. However, in his memorandum to the Board of Trustees, he expressed concern that the office of President would become a mere figurehead and that he would take that as his "cue to move on." In response, the Trustees accepted George's resignation. Objectively, George had options, other than to simply resign or be fired.

With regard to whether George was treated fairly, it would appear that the Trustees could have handled the situation much differently during the November, 2006 Trustees' meeting. The Trustees had a window of opportunity to perhaps change the tone of the conversation with George, but failed to do so. From my interviews, respondents expressed regret that the Trustees had not met with George as a full board, heard his concerns, and perhaps been able to have a more productive dialogue about potential roles that George could play and remain on the college campus. Allowing George to meet only

with a four-person delegation of Trustees who simply accepted George's resignation was not productive. The Trustees virtually closed the door to the possibility of having George remain on the campus. Whether the opportunity would have been productive or not, we do not know. However, it was an opportunity that was missed.

Discussion of the CEO Salary Increase

Another issue that the Resolution Committee had requested that I examine was the circumstances surrounding the CEO's salary increase. The issues surrounding the CEO's salary increase are well documented and since the controversy came to a head in early 2006, many of the documents and statements relating to the issue have been made public. One of the initial questions that I was asked to examine was whether Stuart Jenkins had asked for or in any way sought a salary increase. I could not find any documentation that he had sought the increase. There had been allegations that Stuart had made comments that he needed to make "real money." Unfortunately this remains an open question inasmuch as there is equal information on both sides of the issue and I was not able to find objective collateral or documentary evidence to support a conclusion one way or the other. As noted below, how the Board of Trustees and the CEO managed the salary issue, however, both with respect to its process and the disclosure was not good. In my view, the result of the incident was that the Board and the CEO suffered eroded trust and credibility within the Principia community.

At its regular spring meeting in April 2006, the Board of Trustees considered a motion submitted by Michael Sharples to provide the CEO with a salary increase of "up to \$100,000.00." The exact amount of the salary increase was to be determined by the Committee on Trusteeship, a committee of the Board. The increase was to be effective on July 1, 2006. The motion was adopted unanimously.

On April 29, 2006, Michael Sharples sent a memorandum to the Board of Trustees that said, "In accordance with the board resolution adopted on April 22, 2006, the committee on trusteeship has implemented an adjustment to the Chairman/CEO salary to \$250,000.00 effective July 1, 2006. This adjustment is in line with the benchmark figure of the CUPA Private Religious sector for a single campus institution with an annual budget of \$62 million or greater as adjusted for our dual campus situation." The memorandum also said, "This information is confidential until it is published in the *Chronicle of Higher Education* about 18 months from now."

One trustee, Gary Krisel, was not able to attend the meeting in which the salary increase was approved.¹³ He sent an inquiry to Michael Sharples about the circumstances surrounding the salary increase. Michael Sharples responded in a memorandum and outlined the process for arriving at the benchmark for the salary increase.

¹³ There were questions whether the Trustees had considered the salary increase in April because Gary Krisel could not attend. Again, I was not able to find objective evidence to support or reject that fact.

On May 17, 2006, **Traci Bliss** sent a memorandum to the Board of Trustees recommending that performance criteria and an annual review system be implemented. She expressed concern that the salary increase was given to the CEO without performance evaluation data available.

In August 2006, **Traci Bliss** sent a letter to Bill Hays in which Ms. **Bliss** indicated that "Gary (Krisel) seemed as profoundly troubled as I was/am by the 60 percent salary increase, especially the affect on employees who feel they have made major financial sacrifices to serve the Cause of Christian Science, and the likelihood that the decision was made by a small group of Trustees prior to our official meeting – a fact later confirmed by Stuart when he and I met privately in June." **Traci** asked Bill Hays, who is an attorney, for a legal opinion as to whether or not the members of the Board of Trustees are bound by the request that the salary increase be kept confidential for 18 months until published in the *Chronicle of Higher Education*. **Traci** concluded by saying that "My 30-year career in public or non-profit institutions like Principia propels my belief that the issue with which we are involved is serious. If a decision is based on Principle, what is there to hide? Stuart stating that 'salary secrecy' is the Principia tradition does not withstand scrutiny for a non-profit institution."

On that same day, **Traci** also sent a letter to the Committee on Trusteeship of the Board of Trustees. She again expressed concern about the amount of the increase under the circumstances as well as the process for determining the increase. She said that she had met with Stuart about the issue and discussed the book "*Our Underachieving Colleges*" which states, "The University reveals its own ethical standards in many ways, including its decency and fairness in dealing with students and employees and its sensitivity in relating to the community in which it resides. Talk is cheap and undergraduates will be most impressed when they observe university officials making sacrifices for what they believe... in addition to making sure that their practices are ethically defensible, campus officials can take care to explain the reasons for their actions. By doing so... they increase their moral authority and set a valuable example of moral seriousness for their students." **Traci** requested that the issue of Stuart's salary increase be placed on the Trustees' meeting agenda in November of 2006. The issue was not addressed at the Trustees' meeting.

By the end of November, rumors of the increase were circulating in the community. Stuart prepared an email to the community describing the circumstances surrounding the salary increase. Before sending out the email, he sent it to **Traci Bliss** for her feedback. She responded, "As you know it is something that I privately protested because I did not feel we had a position that was sufficiently morally defensible. For example, we have yet to see the comparables that justify the increase and based on the CHE comparables yours is at the very high end of average. As I've said repeatedly to you, I'm comfortable with your salary because of your huge responsibilities with the college now but I'm not comfortable with how the original decision was made..."

Later, on December 12, 2006, John Williams, Faculty Senate President, informed Stuart in a memorandum that rumors about the CEO's salary increase were circulating and John sought guidance about how to address them. Stuart provided John with the email he had prepared previously which said in part, "Principia gauges all its staff, administrator, and college faculty salaries to the same outside benchmark. ...This new salary is at the median of the benchmark pay for this group."

On December 31, 2006, **Traci Bliss** submitted her letter of resignation to the Board of Trustees, citing issues involving the salary increase.

The Board of Trustees issued an apology on February 5, 2007 in a memorandum to the Principia community. The memorandum stated in part "In adjusting the CEO salary to a new benchmark, we used a flawed process. We should have given the CEO a raise only after the salaries of all faculty and staff had been re-benchmarked and adjusted... We should have taken into account the impact it would have on the Principia community... ."

The process in which the salary increase was calculated was acknowledged as "flawed" by the Board of Trustees. However, the reason for the community's strong reaction to the increase went beyond the process. From the interviews, the more important issue was the context in which the increase was given and accepted by the CEO, and the impact on the integrity of the CEO and the Board.

Since approximately 2001, the faculty and staff on both of the campuses had been operating under the "Trim to Grow" budget program which was intended to control expenditures and ultimately control the amount drawn on the endowment each year. Those within the community expressed concern in interviews that programs were cut and faculty/staff support services (such as the Childcare Center) were closed because of budget constraints.¹⁴ Although the term "Trim to Grow" was officially eliminated, the pressure to control expenses remained. The interview respondents thought that a 47 percent increase for the CEO in light of Trim to Grow was not appropriate.

Moreover, traditionally, salary increases on the campuses averaged three percent per year, according to all of the respondents with whom I spoke. An extraordinary increase might range from five percent to nine percent. Even in those circumstances, such a large increase was usually spread over two to three years. Many respondents reported they did not work at Principia for the money and many left more lucrative positions to come to Principia. Respondents reported that they are willing to work for less money and be satisfied with a three percent increase because of the service and work that they are providing to the students at Principia. Many respondents were disappointed with the CEO and the Trustees. They see the position of CEO as an inspirational leader who should model the decisions and behavior expected throughout the community.

¹⁴ In the interviews, there were differing views expressed about the cost effectiveness of particular programs. However, when discussing the salary increase issue, the important concern is the *perception* of the community of the impact of the budget controls.

Respondents view the salary increase as a failure on the part of the CEO and the Trustees to serve as inspirational leaders.¹⁵

Other Management Issues

In addition to the two core issues involving the departure of the College President and the CEO's salary, the Resolution Committee asked that I assess general issues of management regarding the CEO. Management issues were raised most frequently in interviews in two contexts: Stuart's handling of personnel issues and his general conduct and demeanor.

Issues of Stuart's integrity have also been raised. Most of those interviewed, including many who do not consider themselves "supporters" of Stuart, did not believe that Stuart had done anything that had raised issues of integrity or honesty. I found no clear evidence to disagree with that belief.

Personnel Issues

I had been asked by members of the Resolution Committee to review specific personnel actions that had occurred since 2003. I have done so to the extent necessary to draw out patterns that pertain to the organizational assessment and Stuart's management style. I have not reviewed each situation to determine whether a firing or resignation was justified, or whether there was some legal violation, such as discrimination, involved in the action. However, the personnel cases are important because they raise issues of micromanagement and fairness regarding Stuart, and clearly reflect the need for Principia to develop and implement clear, objective, and to the extent possible, transparent procedures for hiring, terminating, and evaluating employees on an organizational level.

After a year to eighteen months in office, Stuart began making personnel changes on the St. Louis campus, and later, on the college campus. There were allegations that Stuart had instigated the changes without justification, without notice, without "due process," and in direct conflict with the wishes and opinions of the head of the campus (the Head of School or the College President.) Stuart was seen as micromanaging personnel decisions that should have been left to the respective leaders of the campuses.

In all of the cases I reviewed, Stuart was involved, directly or indirectly, in the personnel action, although the authority to terminate the employee would have been left to the Head of School or the College President. In each of the cases, Stuart had identified what he perceived to be a weak performer and had addressed the issue with the head of the campus. In some cases, the head of campus disagreed with Stuart's assessment of the employee, or for other reasons was not willing to take action against the employee.

¹⁵ Even those who are strong "supporters" of the CEO in the current circumstance felt that the process of determining the salary increase was an unfortunate decision. While many viewed the amount given to the CEO - \$250,000.00 – was not an unreasonable amount given the job of the CEO, the process and context was disturbing to virtually all of the respondents with whom I spoke. Even those respondents who were supporters of the CEO feared that the salary issue eroded the credibility of the CEO and the trustees within the Principia community.

Stuart, then, took a more active role in moving the head of campus to terminate the employee. Sometimes personnel changes occurred against the wishes of the head of campus.

On one hand, Stuart's actions can be seen as much-needed, active leadership that had been lacking on the Principia campuses. While both of the campuses were headed by two extraordinary leaders (Bob Clark in St. Louis and George Moffett in Elsah), neither campus head were skilled managers. Stuart saw a need for action and did not see the heads of campus taking action, so he stepped in.

On the other hand, Stuart's involvement in such cases created some difficulties. First, it undermined the position of the head of the campus, and created ambiguity between the role of CEO and the head of campus. In addition, by taking such an active role in the terminations and resignations, it created the perception that Stuart had an agenda to remove certain people from the organization in order to replace them with people of his own choosing. Third, the actions created an atmosphere of fear because the actions seemed random and unjustified. Employees saw the CEO closely involved in the termination or resignation of some very respected employees. In a culture in which such terminations had rarely occurred, the terminations and resignations were destabilizing and in many cases, created distrust in the CEO.

Moreover, the lack of any clear standards and evaluations in personnel matters added to the feeling that the terminations were arbitrary. In some of the cases I reviewed, there were clear reasons for the termination, reassignment, or resignation. In other cases, the reasons for the termination were more vague. While in some cases, there were discussions about performance prior to termination (sometimes over a period of months), in none of the cases were there standards or expectations for performance or a history of formal evaluations by which to measure the employee's performance.

Without some means of evaluating employees that is consistent and uses standards for performance measurement, it is difficult to determine whether the personnel decisions were motivated by reasons other than performance. It is clear that Stuart crossed a line in overstepping the authority of the heads of the campuses.

General Conduct and Demeanor

As noted above, the culture at Principia has been one of stability, with very deep, close interconnections among those in the community. When Michael Sharples was CEO in the early 90's until 2003, Principia began a slow movement toward a more business-like environment. When Stuart Jenkins assumed the position of CEO, the slow movement to a more business-like culture accelerated rapidly. Stuart's background is that of an entrepreneur who is used to making quick decisions in an environment in which he is working with other business people. Before coming to Principia, he had no experience managing a large organization, particularly an academic organization. Many in the Principia community questioned his credentials to manage the institution.

In my interviews, rarely did anyone express concern about *what* Stuart Jenkins has done for the Principia community. Many have applauded his ability to raise money and make very difficult, unpopular decisions that, many agree, needed to be made. Respondents, whether supporters of Stuart or not, gave Stuart high praise for his business sense.¹⁶ Along with his quick action (“He’s a think it, do it kind of guy,” said one interviewee) Stuart can be very charming and is a very talented speaker.

While respondents in interviews seemed less concerned about *what* Stuart has done, they did express concern about *how* he has done things. Virtually all of the respondents report that Stuart has a “brash”, “aggressive” style and several said that he often failed to listen, would interrupt people, and got angry.¹⁷ He can be an intimidating figure. As many expressed in interviews, his style fits in a corporate setting. Many have expressed concern that his style is not appropriate in an academic setting, where there is an expectation for more collaborative, democratic decision-making. Some have described him as a “fish out of water.”

In his first 12-18 months as CEO, Stuart made few changes. He took the time to gather information about the institution and its needs. Many of the comments he heard were demands for greater accountability among the faculty and administration, especially on the St. Louis campus. After his first year in office, he began to make personnel changes that many deemed were necessary from a management viewpoint, but impacted some of the most respected and inspirational leaders in the community. The moves were a shock to the previously-stable culture of the institution.

While there was a need for rapid change at Principia when Stuart became CEO (as one respondent said, “ I applaud Stuart’s impatience”), the rapid changes in an environment that used to be very stable caused a high level of discomfort. In any organization, change must occur over time and must be “psychologically supported” so that the people in the organization can absorb the change and adjust to it. In this case, very rapid changes, especially in the personnel ranks where several very highly respected members of the community were let go or resigned, were destabilizing, both on an individual level and on an organizational level. Such changes were particularly traumatic in an organization as closely connected as the Principia community. Moreover, without a shared vision or plan in place, the changes seemed random and arbitrary, creating fear.

Add to the dramatic changes that have occurred in the last few years, Principia’s culture of secrecy and confidentiality, lack of direct communication, and lack of vision and planning, it is of little wonder that there is fear and distrust in the community. Stuart has tried to “break” the culture with direct, sometimes aggressive, communication and action. The issue is whether he has failed to provide the vision and “psychological support” needed to move the community through the rapid cultural changes.

¹⁶ As one respondent, who is not a supporter of Stuart’s, said, “If he were CEO of a for-profit business, I wouldn’t hesitate to be an investor!”

¹⁷ Even those who consider themselves “supporters” of Stuart tactfully describe him as noted above. One respondent said, “Stuart’s first instinct is not to talk about what goes well.”

Respectfully submitted,

James W. Reeves